

STONEBRIDGE PROPERTY OWNERS
ASSOCIATION, INC.
AUDIT OF FINANCIAL STATEMENTS
For the Years Ended December 31, 2008 and 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/25/09

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.

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Silva & Associates, LLC

Certified Public Accountants

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Board of Directors
STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
Harvey, Louisiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general-purpose financial statements of the STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC. as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These general-purpose financial statements are the responsibility of the STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.'s management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note B, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC. as of December 31, 2008 and 2007, and the results of its operations for the years then ended on the basis of accounting described in Note B.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 6, 2009, on our consideration of the STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.'s internal control and its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Management's Discussion and Analysis, beginning on page 3, is not a required part of the financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



March 6, 2009

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STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2008 and 2007

Management's Discussion and Analysis ("MD&A") for the STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC. (the "Association") is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of the Association's financial activities;
- identify changes in the Association's financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for any variations that are expected to have a significant effect on future services or liquidity; and
- identify other significant issues.

The information contained herein should be read in conjunction with the financial statements, notes thereto and other required supplemental information taken as a whole.

The MD&A is required supplementary information that introduces the reader to the general-purpose financial statements and provides an overview of the Association's financial activities. The Association's general-purpose financial statements consist of the following components: the Association's Statement of assets, liabilities, and members' equity - cash basis, statement of revenue, expenditures and changes in members' equity and the notes to the financial statements.

OVERVIEW OF OPERATIONS

The main source of income for 2008 and 2007 has been received from the property owners of the subdivision, as defined by the Louisiana Legislature and Jefferson Parish. Each property owner is assessed an annual fee, which is billed and collected by Jefferson Parish. The contract with Jefferson Parish allows for the collection of a nominal handling fee, which is deducted from the funds prior to being deposited into the checking account the Stonebridge Special District. In addition, residents are billed for membership fees as required by the covenants.

The majority of expenses incurred by Stonebridge are incurred while providing security for the subdivision. There are two entrances, one in Gretna and one in Harvey, as well as one gated exit in Harvey, within the subdivision boundaries. Security is provided with entrance guards, Jefferson parish patrols, and cameras. After Katrina, the Board of Directors determined that more cameras were needed throughout the subdivision. Cameras were installed on homes and light poles. The cameras are monitored by a member of the Board of Directors. With the addition of cameras has come an increased cost on maintenance of the cameras. Money is also expended on the upkeep of guard houses and perimeter brick walls, insurance and landscaping for common areas.

All parliamentary procedures have been strictly adhered to during 2008 and 2007, in the crafting of policies by the Board of Directors of STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
ASSETS, LIABILITIES, AND MEMBERS' EQUITY - CASH BASIS
December 31, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 196,221 | \$ 143,740 |
| Property and Equipment, net of accumulated depreciation | <u>95,674</u> | <u>60,948</u> |
| Total Assets | <u>\$ 291,895</u> | <u>\$ 204,688</u> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| MEMBERS' EQUITY | <u>291,895</u> | <u>204,688</u> |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | <u>\$ 291,895</u> | <u>\$ 204,688</u> |

The accompanying notes are an integral part of these financial statements

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN MEMBERS' EQUITY - CASH BASIS
Year Ended December 31, 2008

| | <u>Actual</u> | <u>Budgeted</u> | <u>Variance</u> |
|-----------------------------------|-------------------|-----------------|-----------------|
| REVENUES | | | |
| Parcel Fees | \$ 298,586 | \$ 280,000 | \$ 18,586 |
| Membership Dues | 35,962 | 32,000 | 3,962 |
| Interest Income | 816 | | |
| Advertising Revenue | 6,481 | - | 6,481 |
| Other Income | <u>3,690</u> | <u>-</u> | <u>3,690</u> |
| Total Revenues | <u>345,535</u> | <u>312,000</u> | <u>32,719</u> |
| EXPENDITURES | | | |
| Direct Expenditures | | | |
| Depreciation | 20,811 | - | (20,811) |
| Insurance | 15,863 | 17,500 | 1,637 |
| Maintenance and Repairs | 13,887 | 24,000 | 10,113 |
| Patrols and Guards | 228,937 | 220,000 | (8,937) |
| Telephone | 4,318 | 3,750 | (668) |
| Utilities | <u>6,280</u> | <u>5,800</u> | <u>(480)</u> |
| Total Direct Expenditures | <u>290,096</u> | <u>271,050</u> | <u>(19,046)</u> |
| Administrative Expenditures | | | |
| Accounting | 6,100 | 6,300 | 200 |
| Beautification | 11,221 | 18,500 | 7,279 |
| Dues and Subscriptions | 946 | - | (946) |
| Legal Fees | 13,067 | 8,700 | (4,367) |
| Miscellaneous | 2,910 | 3,325 | 415 |
| Office Supplies | 10,361 | 1,625 | (8,736) |
| Newsletter | 9,042 | 2,500 | (6,542) |
| Socials | <u>4,585</u> | <u>-</u> | <u>(4,585)</u> |
| Total Administrative Expenditures | <u>58,232</u> | <u>40,950</u> | <u>(17,282)</u> |
| Total Expenditures | <u>348,328</u> | <u>312,000</u> | <u>(36,328)</u> |
| EXCESS OF REVENUES OVER | | | |
| EXPENDITURES | (2,793) | \$ - | \$ (3,609) |
| BEGINNING MEMBERS' EQUITY | <u>204,688</u> | | |
| ENDING MEMBERS' EQUITY | <u>\$ 201,895</u> | | |

The accompanying notes are an integral part of these financial statements

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN MEMBERS' EQUITY - CASH BASIS
Year Ended December 31, 2007

| | <u>Actual</u> | <u>Budgeted</u> | <u>Variance</u> |
|---|-------------------|-----------------|------------------|
| REVENUES | | | |
| Parcel Fees | \$ 338,591 | \$ 342,750 | \$ (4,159) |
| Membership Dues | 28,205 | 24,000 | 4,205 |
| Advertising Revenue | 6,092 | - | 6,092 |
| Other Income | <u>5,330</u> | <u>-</u> | <u>5,330</u> |
| Total Revenues | <u>378,218</u> | <u>366,750</u> | <u>11,468</u> |
| EXPENDITURES | | | |
| Direct Expenditures | | | |
| Depreciation | 13,918 | - | (13,918) |
| Insurance | 14,975 | 21,500 | 6,525 |
| Maintenance and Repairs | 5,418 | 28,725 | 23,307 |
| Patrols and Guards | 209,811 | 270,000 | 60,189 |
| Telephone | 10,116 | 3,750 | (6,366) |
| Utilities | <u>5,195</u> | <u>5,750</u> | <u>555</u> |
| Total Direct Expenditures | <u>259,433</u> | <u>329,725</u> | <u>70,292</u> |
| Administrative Expenditures | | | |
| Accounting | 5,025 | 6,100 | 1,075 |
| Beautification | 21,985 | 13,500 | (8,485) |
| Legal Fees | 180 | 8,500 | 8,320 |
| Miscellaneous | 716 | 3,000 | 2,284 |
| Office Supplies | 18,985 | 1,425 | (17,560) |
| Newsletter | 6,275 | <u>4,500</u> | <u>(1,775)</u> |
| Socials | <u>7,090</u> | <u>-</u> | <u>(7,090)</u> |
| Total Administrative Expenditures | <u>60,256</u> | <u>37,025</u> | <u>(23,231)</u> |
| Total Expenditures | <u>319,689</u> | <u>366,750</u> | <u>47,061</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>58,529</u> | <u>\$ -</u> | <u>\$ 58,529</u> |
| BEGINNING MEMBERS' EQUITY | <u>146,159</u> | | |
| ENDING MEMBERS' EQUITY | <u>\$ 204,688</u> | | |

The accompanying notes are an integral part of these financial statements

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2008 and 2007

NOTE A

INTRODUCTION

The **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.** (the Association) was given authority to, as a public body by Acts of the Louisiana Legislature, 1998, La. R.S. 33:9064 and by a contract expiring August 8, 2016 with the Jefferson Parish Council, to aid in crime prevention and to add to the security of subdivision residents by providing for an increase in the presence of law enforcement personnel in the subdivision.

The Board of Directors is constituted by nine (9) appointed members. Board members are not compensated.

The Association services all parcels located in the geographic area it serves. The Association has no paid employees and contracts with the Bayou State Security Services, Inc. for guard services at the entrances and Jefferson Parish deputies for patrols.

NOTE B

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying general-purpose financial statements of the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.** have been prepared in conformity on the cash basis of accounting. Under that basis, revenues and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. That basis differs from accounting principles generally accepted in the United States of America primarily because the Association has not recognized prepayment of expenses or accounts payable to vendors and their related effect on members' equity in the accompanying financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Parcel fees are recorded as received from Jefferson Parish.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives (ranging from 5 to 15 years) of the respective assets. Expenditures for maintenance and repairs are charged to expense as paid.

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2008 and 2007

NOTE C

CASH AND CASH EQUIVALENTS

The Association's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE D

PROPERTY AND EQUIPMENT

The Association constructed two guardhouses and exit gates for the security enhancement of the subdivision. All equipment, land, and buildings acquired with property assessments are titled in the name of the Association. Accumulated depreciation at December 31, 2008 and 2007 was \$56,764 and \$35,953, respectively.

NOTE E

LITIGATION AND CLAIMS

At December 31, 2008, the Association was involved in litigation regarding an automobile accident at one of the guard houses. Management is of the opinion that liability for this matter, if any, will be covered by insurance. The Association is not aware of any other claims.

Silva & Associates, LLC

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
Harvey, Louisiana

We have audited the general-purpose financial statements of the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.** as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 6, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Association's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.'s general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.'s management, Jefferson Parish and the Legislative Auditor for the State of Louisiana and should not be used by anyone other than these specified users.

Delia E. Anagnostis, LLC

March 6, 2009